

Via e-mail
From: Shirley Russell
Farmers State Bank, Quinton, OK.

To: Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve
System- Attention: Docket No. R-1180

Re: EGRPRA- Regulatory Burden Reduction Comments

As a small community banker, I welcome the regulators' effort on the critical problem of regulatory burden. We strive to establish a good relationship with our customers to gain their trust and confidence. This is essential for good customer service, but consumer protection rules often interfere with our ability to serve our customers. It's time to acknowledge that consumer protection regulations are not only a burden to banks but are also a problem for our consumers.

Truth in Lending (Federal Reserve Regulation Z)

Right of Rescission – This is a consumer protection regulation that rarely, if ever, does the consumer exercise the right. The normal real estate loan can take close to a month to close. The customer has had adequate time during the process to cancel the loan if they wish. After such a lengthy period, the customer is ready to get their funds and it is an added inconvenience for them to wait an additional three business days.

Regulation B (Equal Credit Opportunity)

Government Monitoring – This can be confusing for bankers to know when to gather monitoring information and when it is not needed. If the customer does not wish to provide this information, the loan officer based on his/her observations must complete the monitoring section, and this can cause the information to be inaccurate.

Intent of Joint Applicants – I feel that a joint, signed credit application should be sufficient to determine if a joint credit application was intended. It is redundant to have the customers check a box on the same application that states, "we are applying for joint credit" and sign the application a second time to confirm intent.

HOEPA – I understand the need for consumer protection laws against predatory lending; however, this law goes beyond predatory lending and attempts to take risk or transaction-based pricing out of the picture and make everyone the same. In my opinion, this law is basically hurting the people that it is intended to protect. Many institutions are simply not offering HOEPA loans because of the increased disclosures, etc. Therefore, it is reducing the number of places for people to apply for small Real Estate loans. Loans are priced according to the risk associated with the transaction, borrower's history, facts surrounding the transaction (down payment, LTV etc.). The APY check tries to price a \$5,000 Real Estate loan in the same range as one at \$100,000. I understand the need for fee control in R/E lending, but feel the interest rate side needs adjustment.

Right to Financial Privacy Act

Privacy Notices – It is an unnecessary burden and expense to financial institutions to do annual mass mailings of privacy notices, especially if an institution's policy does not allow for the sale or exchange of customer information outside that transmission allowed by law. The original mass mailing in addition to giving privacy disclosures to all new accounts as they are opened should be sufficient. It is an added expense as well as time consuming for banks to do the mass mailings every year, and most customers simply discard the notice anyway.

Bank Secrecy Act

CTR levels should be raised from the current \$10,000 level. This level has been in place for several years without any adjustment. I do not feel that the filing of CTRs has ever produced the intended results.

CIP Requirements – Our bank has always used caution in obtaining proper identification for new accounts. The new rules have created a burden for banks and are very time consuming. Many of the things we are required to do are repetitive.

Regulation DD – (Truth In Savings)

The requirements for banks to disclose and state the APY should be changed. Most customers do not want the APY and do not understand what this means. All they are concerned with is the actual rate. I don't feel we should be required to include this when disclosing interest rates.

Community Reinvestment Act

(CRA) – Banks are normally the backbone of a small community. Without the support of our community banks, the schools and towns would have a hard time surviving. I feel this needs to be revisited. Very rarely are there any examples of institutions not in compliance, so why make banks spend time and effort with all of the paperwork, when it really no longer serves a meaningful purpose.

I appreciate the opportunity to comment on this critical issue, and look forward to seeing changes.

Respectfully Submitted,

Shirley Russell
Compliance Officer

